

RECOVERY AMOUNT ANNEX

(DB version)

This Recovery Amount Annex (this **Recovery Amount Annex**), if specified as an Additional Annex in a Confirmation, shall be deemed to amend, supplement and form part of the Standard Terms Supplement (as defined in the relevant Confirmation) (the **Standard Terms Supplement**) for purposes of the relevant Transaction. Capitalised terms used but not defined in this Recovery Amount Annex shall have the meaning given to such terms in the Standard Terms Supplement or the relevant Confirmation. In the event of any inconsistency between the Standard Terms Supplement and this Recovery Amount Annex, this Recovery Amount Annex will govern. In the event of any inconsistency between this Recovery Amount Annex and the relevant Confirmation, the relevant Confirmation will govern. In the event of any inconsistency between this Recovery Amount Annex and any other Additional Annex, such inconsistency shall be resolved by the Calculation Agent.

The definitions in the Standard Terms Supplement shall be deemed to be amended by the inclusion of the following provision:

Recovery Threshold Amount: (a) Implicit Portfolio Size multiplied by (b) 100% minus Exhaustion Point

The definition of Termination Date in the Standard Terms Supplement shall be deemed to be deleted and replaced in its entirety by the following provision:

Termination Date: The Scheduled Termination Date; provided that:

- (a) if the Outstanding Swap Notional Amount is reduced to zero prior to the Scheduled Termination Date (determined without reference to any Maximum Incurred Loss Amount), the Termination Date shall be the Cash Settlement Date relating to the Incurred Loss Amount or Incurred Recovery Amount that causes the Outstanding Swap Notional Amount to be reduced to zero; and
- (b) if the last Cash Settlement Date, Grace Period Extension Date or Repudiation/Moratorium Evaluation Date, as applicable, occurs after the Scheduled Termination Date, the Termination Date shall be the last such date.

The "Fixed Payments" provisions of the Standard Terms Supplement shall be deemed to be amended by the deletion and replacement in their entirety of the following provisions:

Fixed Rate Payer Calculation Amount: For any Fixed Rate Payer Calculation Period, an amount determined by the Calculation Agent equal

to (a) the sum of the Outstanding Swap Notional Amount as of 5:00 p.m. in New York on each day of such Fixed Rate Payer Calculation Period divided by (b) the actual number of days in such Fixed Rate Payer Calculation Period.

Upon the occurrence of an Event Determination Date in respect of a Reference Entity, for purposes of determining the Fixed Rate Payer Calculation Amount only, the Outstanding Swap Notional Amount shall be deemed to have been reduced, as of the day following such Event Determination Date and until such time as the Incurred Loss Amount, if any, and/or the Incurred Recovery Amount, if any, has been determined in respect of such Reference Entity and Event Determination Date, by the greater of (a) the Maximum Incurred Loss Amount, if any, and (b) the Maximum Incurred Recovery Amount, if any, with respect to such Reference Entity (notwithstanding that the Incurred Loss Amount, if any, and/or Incurred Recovery Amount, if any, have not yet been determined).

Outstanding Swap Notional Amount:

At any time on any day, the greater of:

- (a) zero; and
- (b) an amount equal to:
 - (i) the Original Swap Notional Amount minus
 - (ii) the sum of
 - (A) all Incurred Loss Amounts, if any, and all Incurred Recovery Amounts, if any, determined in respect of the Transaction at or prior to such time; and
 - (B) the Settled Entity Incurred Loss Amount and the Settled Entity Incurred Recovery Amount.

Maximum Incurred Recovery Amount

With respect to a Reference Entity and an Event Determination Date, an amount, calculated on that Event Determination Date, equal to the lowest of:

- (a) the Reference Entity Notional Amount;
- (b) an amount equal to:
 - (i) the sum of:
 - (A) the Aggregate Recovery Amount; and
 - (B) the Reference Entity Notional Amount of such Reference Entity; minus
 - (ii) the Recovery Threshold Amount, (subject to a minimum of zero); and
- (c) the Outstanding Swap Notional Amount (prior to any reduction thereto in respect of that Reference Entity and Event Determination Date for purposes of determining the Fixed Rate Payer Calculation Amount).

Deferred Fixed Amount payment:

Upon the occurrence of a Calculation Date in respect of a Reference Entity, the Calculation Agent shall calculate the aggregate of all Fixed Amounts that would have been payable by Buyer to Seller if the Outstanding Swap Notional Amount had been reduced as of the date following the relevant Event Determination Date by the Incurred Loss Amount, if any, and/or the Incurred Recovery Amount, if any, (the **Recalculated Aggregate Fixed Amount**). If the Recalculated Aggregate Fixed Amount is greater than the aggregate of all Fixed Amounts actually paid by Buyer to Seller prior to such time (the **Paid Aggregate Fixed Amount**), then Buyer will pay to Seller on the third Business Day following the Calculation Date an amount equal to (a) the Recalculated Aggregate Fixed Amount minus (b) the Paid Aggregate Fixed Amount.

The "Settlement Terms" provisions of the Standard Terms Supplement shall be deemed to be amended by the deletion and replacement in their entirety of the following provisions:

Calculations:

If (a) any day is a Calculation Date with respect to more than one Reference Entity, or (b) the definition of Calculation Date applies more than once to a single Reference Entity on a single day,

the Loss Amount, Recovery Amount, Aggregate Loss Amount, Aggregate Recovery Amount, Outstanding Swap Notional Amount, Incurred Loss Amount and Incurred Recovery Amount with respect to each Reference Entity shall be calculated in the order of delivery of the relevant Credit Event Notices or, if any of the relevant Credit Event Notices are delivered at the same time, in a sequential order determined by the Calculation Agent.

For the avoidance of doubt, with respect to the same Reference Entity, there may be more than one Calculation Date, Loss Amount, Recovery Amount, Incurred Loss Amount, Incurred Recovery Amount, Cash Settlement Amount and Cash Settlement Date.

Incurred Recovery Amount:

With respect to a Reference Entity and a Calculation Date, an amount, calculated on that Calculation Date, equal to the lowest of:

- (a) the Recovery Amount;
- (b) the Aggregate Recovery Amount (including the related Recovery Amount for that Reference Entity and Calculation Date) minus the Recovery Threshold Amount (subject to a minimum of zero); and
- (c) the Outstanding Swap Notional Amount (prior to any reduction thereto in respect of that Reference Entity and Calculation Date).

Recovery Amount:

With respect to a Reference Entity and a Calculation Date, an amount calculated on that Calculation Date equal to (a) the lesser of (i) 100% and (ii) the Weighted Average Final Price for that Reference Entity and Calculation Date, subject to a minimum of zero, multiplied by (b) the Reference Entity Notional Amount or Exercise Amount, as applicable, for that Reference Entity multiplied by (c) the Specified Proportion for that Reference Entity and Calculation Date.

Aggregate Recovery Amount:

At any time on any day, the aggregate of all Recovery Amounts calculated hereunder with respect to all Reference Entities plus the Aggregate Settled Entity Recovery Amount.

Aggregate Settled Entity Recovery Amount:

An amount equal to the aggregate of the Settled Entity Recovery Amounts for all Settled Entities.

Settled Entity Recovery Amount:

With respect to a Settled Entity, an amount equal to (a) the lesser of 100% and the Weighted Average Final Price set out opposite such Settled Entity in the relevant Annex of Settled Entities multiplied by (b) the Settled Entity Notional Amount for such Settled Entity.

Settled Entity Incurred Recovery Amount:

An amount equal to the Aggregate Settled Entity Recovery Amount minus the Recovery Threshold Amount (subject to a minimum of zero).